

---

---

# How Shall We Rehabilitate Our Railroads?

An Address

by

**A. J. COUNTY**

Vice President, the Pennsylvania Railroad Company

LIBRARY OF CONGRESS GAND 190946

Delivered at the 24th Annual Convention

of the

**National Association of Manufacturers**

New York City, May 20th, 1919

---

---



Digitized by the Internet Archive  
in 2014

# HOW SHALL WE REHABILITATE OUR RAILROADS ?

---

AN ADDRESS

BY

A. J. COUNTY  
VICE PRESIDENT, THE PENNSYLVANIA  
RAILROAD COMPANY

DELIVERED AT THE 24th ANNUAL CONVENTION

OF THE

NATIONAL ASSOCIATION OF MANUFACTURERS

NEW YORK CITY, MAY 20th, 1919

---

It is a duty and a pleasure to consider the rehabilitation of the railroads with those in charge of the industrial activities represented by the National Association of Manufacturers. War is over, and we must shake off abnormal conditions and find out how to adjust ourselves and our industries to a peace basis. You are interested in the prompt and proper solution of the railroad problem as citizens, and also as manufacturers and sellers of goods, and the financial conditions of your chief consumers, the railroads, must be a vital consideration.

## MUTUAL PROSPERITY OUR AIM.

From long experience we have discovered that neither the industries nor the railroads can stand alone. One cannot be prosperous without the other. The mutual prosperity of the individual citizen, the Government, the industries, and the

railroads, is the goal for which we must aim in considering railroad rehabilitation.

We must regard the present railroad situation as a serious obstacle to National progress and War reconstruction that must be removed before the Country can make further progress. It is so serious that we have no time for mere criticism or pleasing phrases, but must devote our entire energy and experience to constructive suggestions, the force of which will impress themselves upon the common sense of our people.

Let us briefly analyze our difficulties.

### **EXISTING SITUATION AND DIFFICULTIES.**

These railroads have been subjected to the strictest public regulation and control for a number of years. Since 1900 the railroad property investment devoted to public use has risen from ten billion to eighteen billion dollars; the freight train load has been doubled; the construction of new mileage has been restricted; and the additional investment and the operating efficiency has been concentrated chiefly upon intensive development and the economical movement of traffic. Nevertheless, all of this economy and efficiency has been absorbed in higher expenses and taxes; the revenues were inadequate; and railroad credit made unsound. The new capital obtained was chiefly through the issue of bonds, and that has changed their finan-

cial condition since 1900 from having the par value of outstanding stocks and bonds about equal in amount, to a condition in which the funded debt exceeds the stock by about \$2,200,000,000. Large amounts of capital stock could not be sold to the public at reasonable prices under such conditions. Notwithstanding this great reduction in the proportion of outstanding stock compared with the funded debt, the percentage of capital stock paying dividends has fallen from 67.27 per cent. in 1907 to 60.38 per cent. in 1916. Taking the Country as a whole, the return permitted to be earned under public regulation was totally inadequate to support a sound financial system, and this restricted the development of the Country at large. Public opinion conceded that regulation should prevail, but the Country had no definite National regulatory policy, and no single authority responsible for the results of public regulation. While much constructive work was done under public regulation to see that hurtful discrimination in rates or service did not exist, and uniformity in accounting was established, yet the numerous regulatory authorities have been governed largely by the great fear that the railroad companies, or some of them, might make too much money from allowing adequate rates. Consequently distrust and timidity filled the minds of investors, and accompanied by the continued hostile attitude of legislators and agitators, there was no foundation

on which the railroads could expand. Speaking broadly, the rate of return allowed under regulation is unattractive to the investor, and the transportation industry has failed to secure regularly the new capital needed for proper development. Therefore, the real problem is weak railroad credit directly attributable to the lack of constructive responsible regulation.

As a War emergency measure the railroads were taken under Federal Control. It was hoped that the guaranteed rental would restore the financial strength of the companies, and the Government felt that, under Federal operation and a unification of all the railroads with their terminals and equipment, it could institute vast economies and earn large profits, believed to be impossible under private ownership and wasteful competition of separate railroad systems. Federal control and operation also had the additional advantages of freedom from State and other legal restrictions, and the patriotic assistance of the public, and the services of experienced railroad men, who devoted themselves to carrying out the Government railroad policies during the War. But the economies and profits were not made, and the problem still exists, notwithstanding the efforts of the Railroad Administration to prevent it. The problem now requires the most experienced minds to work out a practical basis of rehabilitation, and the statesmen must formulate a legislative plan to give effect to such

practical recommendations as will insure the financial solvency of the railroads, or else the railroads will be driven to Government ownership. There are immediate duties to be performed to solve existing problems, and a future policy to be outlined, before the railroads can resume their normal functions, and assist the industries to prosperity.

## **REMEDIES FOR IMMEDIATE SITUATION.**

Immediate Duty No. 1.—Notwithstanding rate increases which were not excessive compared with other costs of living, the Government failed in the year 1918 by \$226,000,000. to earn the rentals due to the railroad companies, and to this we should add \$192,000,000. for the first three months of 1919. This result calls for the prompt adjustment of revenues sufficient to cover the expenses, and currently pay for the use of the property, instead of requiring the United States Treasury to bear the burden. The railroads show some decrease in traffic compared with 1918 and 1917 but, from the figures at our disposal, they are approximately carrying on a volume of business equal to that of the prosperous year 1916, and more business would result if we could remove uncertainty from the railroad situation. The railroads are marking time. The industries must certainly appreciate that in the choice between a further moderate increase of rates, and



the stoppage of railroad orders and the cessation of railroad construction work which will limit service and new facilities, the decision lies in favor of some moderate increase in rates.

Immediate duty No. 2 is, that we should all bring our influence to bear upon Congress for an adequate railroad appropriation so that the Nation may pay the obligations it undertook when assuming possession, use and operation of the railroads, and continue the construction of new improvements and equipment.

*Three.*—The prompt payment of the rentals due to the railroad companies for the possession and use of their properties. It is safe to say that it runs into many hundred millions of dollars, and the present situation is a great strain on the banks, and is keeping many millions out of normal channels of business. It is clear that by the middle of this year the War Finance Corporation and the banks will be carrying all the burden that should be laid upon them, and this abnormal situation is hurtful to the resumption of regular business enterprise.

*Four.*—The prompt payment by the Government for materials and supplies for current operation and maintenance, and this should be accompanied by orders sufficient to place the railroads in possession of the materials and supplies necessary for their maintenance, operation and



improvement in 1919 at least, and to promptly restore the roads and equipment to the standard condition in which they were taken over, for which men and materials were not available during the War. You business men can readily appreciate the necessity for this, because the railroads are the greatest consumers of supplies in the Country. From information recently published the number of crossties bought and supplied in 1918 were over 10,000,000 less than in 1917 and about 14,000,000 less than in 1916. The tonnage of new rails laid in 1918 was about 133,000 tons less than in 1917 and about 350,000 tons less than in 1916. If we assume rail prices to be \$45. per ton, and the ties \$1. each, these items alone, without considering other railroad supplies, are a tremendous obstacle to the return of normal business conditions. I have been told that if all the rail mills of the Country were run continuously till the end of the year they could not catch up to the deficiency of rail tonnage required.

*Five.*—Fund obligations placed upon the railroad companies by the Government for necessary additions and betterments to road and equipment for the years 1918 and 1919, and also the capital required for meeting maturing obligations. These will probably be \$1,250,000,000., which should not be left as short term notes or obligations overhanging the railroad situation. It is impossible

for the railroad companies to finance these War period expenditures as the War has practically monopolized the raising of new capital in the security markets for Governmental purposes. Here again the railroad companies, the banks and the War Finance Corporation must shortly reach their limit of short term financing under existing conditions. It is also impossible for the railroad companies to assist materially in this financing until the earning basis has been provided, and public confidence restored through adequate revenues from which conservative railroad companies can finance themselves through stock issues in part, and stop the continued increase of their bonded debt.

I might enumerate other immediate questions, but these are sufficient to indicate the necessity of having Congress deal with the railroad appropriation promptly, and also for the Railroad Administration to promptly deal with increased rates, and relieve the whole financial strain. I do not underestimate these difficulties, or the desire of the Railroad Administration to deal with them, but until these conditions are courageously faced, and the railroads and their equipment brought back into standard condition, and the contract settlements are made regularly, and revenues adjusted to the higher basis of expenses, the difficulties are exceedingly great of returning the railroads to their former owners and

management, if that course be deemed advisable to help the Nation to resume its normal activities.

## **FUTURE POLICY.**

We must also decide the basic principles upon which these railroads are hereafter to be owned and operated, before deciding upon a future policy. Is it in the best interest of this Country to have—

1. The resumption of the system of individual initiative and operation by the railroad companies, subject to equitable and responsible public regulation and continued ownership by our citizens and their institutions; or

2. Government ownership and operation; or

3. A Government guarantee?

## **PRIVATE OWNERSHIP AND OPERATION.**

In no civilized country in the world can we find a railroad system so moderately capitalized, so cheap in transportation costs and efficient in service as the American railroad system; and paying employes' wages and taxes not exceeded anywhere. Therefore, the conclusion which experience dictates is the continuation of that system, for its discontinuance would be not merely a blow at the railroads but at every other

enterprise carried on under private initiative and ownership.

The Association of Railway Executives, as representatives of the railroad owners, and the directors and managers chosen by the stockholders, as a result of their long experience, submitted a plan designed to meet the situation, protect the investors and the wage earners, and continue the prosperity of the Country. That plan provides:

1. For private ownership and individual operation and initiative.

2. The National regulation of all rates and interstate commerce instrumentalities, of railroad security issues; and of important capital improvements.

3. Relief of the Interstate Commerce Commission from executive and administrative duties, so that it will be constituted a judicial body to pass upon complaints concerning the reasonableness and adequacy of rates and traffic practices, and prevent discriminations. It is also to regulate railroad accounting and valuation.

4. For several Regional Railroad Commissions to deal with the transportation situation close to the people, on which every State would be represented, and avoid the delay and expense of concentrating all transportation questions at Wash-

ington. The Railroad Executives do not advocate the abolition of the State Commissions because they are required to deal with local questions in our growing States, and may co-operate largely with the Federal Regional and Interstate Commissions, and with the suggested new Department of Transportation. To illustrate: In the State of Pennsylvania, excluding all railroads, there are over 3000 corporations carrying on 27 different varieties of public service, with millions of dollars of capitalization, rates, service, and other activities affecting over eight millions of people. With these duties and with the other intrastate questions that will arise respecting the railroads, together with the co-operation with the Federal authorities, there is a very large and active field of duty and responsibility remaining for our State Commissions.

5. A Department of Transportation headed by a Cabinet Officer called the "Secretary of Transportation," or, if preferred, a Board of commissioners in lieu of one Cabinet officer, following the general basis of regulation carried out under the Federal Reserve System. This Department would be responsible for railroad administrative and executive work, and would recommend to the President and Congress such measures and policies as would promote the adequacy of the transportation facilities and service, car supply, joint use of terminals, and other co-operative



features, and be responsible for maintaining a proper standard of railroad credit. The Department would not, on its own initiative, order improvements, or appoint, employ, discharge or compensate officers or employees.

6. Adequate rates to sustain railroad credit and attract sufficient new capital. A statutory rule to be enacted by Congress requiring that railroad revenues shall be sufficient to pay operating expenses, including wages and taxes, and give a proper return on the present investment, and be sufficient to attract new capital. Only in this way can we avoid a recurrence of restricted railroad credit and lay the foundation for railroad expansion sufficient to meet the Country's demands. I would be satisfied to have the Federal Reserve Board decide what is a proper credit basis in each year for the railroads.

7. A Wage Regulatory Board in which the consuming and shipping public, the employees and the employers would be represented, so that lockouts, strikes and interruptions of the service can be avoided, and that fair wages, and working conditions recommended by the Wage Board and approved by the Department of Transportation, shall be recognized in making adequate rates.

8. Corporate unification and co-operation with other carriers so that existing laws can be modified



to remove restrictions upon corporate unification. State and Federal laws have in many cases prevented this, but an equally insuperable objection to carrying out mergers has been the inability of so many of the railroads to earn sufficient profits.

The carriers should also be authorized, with the approval of the Department of Transportation, to enter into co-operative arrangements, based upon experience, for the use of their tracks, terminals and equipment, as may prove efficient and economical in the public interest.

9. Federal incorporation of the interstate carriers is also suggested, if essential to more efficiently carry out the foregoing plan.

These provisions, or some other plan that will produce similar results, if approved by Congress, will enable the Government to participate fully in the important features of railroad regulation. I hope it will also change its past policy and appoint Commissioners for a long term of office and with good pay, and so keep them free from political interference, but hold them responsible for encouraging strong, and not weak railroads, just as Banking Regulation has permitted strong banks.

The essence of the entire plan recommended by the Railroad Executives is not merely to insure adequate rates, but to establish and continue a system of responsible and active National regula-

tion, and provide adequate transportation service and facilities for the public, fair wages for the employes, and a fair return for the owners.

Some of the many alternative plans suggested are Government ownership and operation, or a Government guarantee combined with regionalization of railroad companies, so that the weak lines may be attached to the strong roads.

### **GOVERNMENT OWNERSHIP.**

The results of Government ownership and operation here and abroad have made the majority of our citizens distrustful of Government ownership and operation as offering any benefits for the Country. The advocates of Government ownership and operation are many. Its cost, lack of enterprise, and the impossibility of keeping political influence out of the system, are well recognized. Besides our people have considerable difficulty in reasoning why if it is essential to own and operate the railroads, it is not more essential to own and operate banks, industries and other instrumentalities that produce our daily necessities.

### **GOVERNMENT GUARANTEE.**

Public opinion against Government ownership has forced the medium course of a Government guarantee to be suggested, and the timidity of investors is so great that, combined with the

failure to secure equitable returns upon the investment in the past, a large number of investors are prepared to endorse the guarantee plan. So far its advocates cannot state the basis for a Government guarantee. They do not tell us what the rate of return is to be on our investment, or whether it is to be on the par value of our investment or on some other value below or above par, and how that value is to be determined. The guarantee plan is also made a little more palatable by suggesting what is known as the French guarantee plan, under which the operation of the railroads is to be committed to privately owned operating companies. Here again equal vagueness exists. We are not told what is to be the capitalization or operating policy or responsibility of these twelve or twenty private operating corporations. What business man here is willing to recommend the Government to guarantee returns on property having a value of eighteen billions of dollars, and turn it over to twelve or even eighteen private operating companies, without retaining the power to define the financial and operating policy which they must follow? No man here has had the experience of obtaining a Government or any other guarantee without paying for it, if he believed the guarantee was permanent and substantial. Further, I cannot see how from seven hundred millions to one billion of dollars of capital improvements per annum can be made by

such private operating companies with Government funds, without the Government, through some source, determining the purposes, extent, character, and location of such expenditures, and heeding the public demands for stations as it must for postoffice buildings, etc. Nor can I see the Government permitting orders coming close to a billion dollars per annum for supplies, without inquiring as to their price and use. We can even go one step further to assume that we would shortly find favoritism in all of these features, and the gradual but sure politicalization of the entire railroad system. We know that a Government guarantee, when applied to weak roads especially, means ultimate Government ownership, and meanwhile Government dictation of the transportation industry. We can look across our borders to see what Government guarantees and political direction have done to Canada. They have produced a situation where the Government alone can stand the sole burden of the costs of railroad construction and operation, and the only really strong trunk line of Canada is the Canadian Pacific, which is a monument to private ownership, initiative and efficiency, compared with the Governmentally constructed and operated lines, and it has no fear of meeting their competition.

Shall we, therefore, in the midst of the greatest struggle for reconstruction from the greatest world wide conflict, with that struggle and conflict

still unpaid for, and with anywhere from sixteen to twenty-five billion dollars of public debt to be carried through taxation, ask this Country to also take on her back eighteen billions of dollars more of railroad financial responsibility, and a future responsibility of providing from seven hundred millions to one billion of dollars per annum for new construction and equipment? Even with full power to condemn stock, bonds, and contracts of existing roads, how long would it take to work out the financial adjustment with all the various railroad systems of the Country, covering in all over two thousand railroad corporations, and what would occur in the meanwhile? What effect would all of this have on Government financing, and upon the price of its securities? We can judge it somewhat by the prices resulting from the War effects in our own, and other Countries, past as well as present. The most that can be claimed for a Government guarantee is that in a long period the Government, if it is otherwise economically administered, can raise new capital cheaper than many of the private railroad corporations. But even with such a guarantee plan, aided by experimental unified systems, with weak roads tied to the strong, can we demonstrate to the public that operating economies can be effected and permanently maintained, and that some element of personal initiative, active management and competition will be left, and that the public will be assured of that consideration, cour-



tesy and convenience it has enjoyed in the past? So far it has not worked out in experience. I believe there is nothing to justify resorting to such a serious measure, instead of conceding adequate transportation rates.

The total amount of interest and dividends paid in the fiscal year ending June 30th, 1916, as reported by the Interstate Commerce Commission, was \$816,000,000. The total operating expenses for the same year were over \$2,277,000,000. Shall we, therefore, in order to effect a problematic saving in the \$816,000,000., throw open the \$2,277,000,000. to the risk of operation subject to Government direction because it was the guarantor of the investment? Even in one year we have seen the item of wages alone increase at an annual rate in excess of the total annual compensation due to all of the railroads under Federal control. Where is the continued constructive policy, experience and initiative to come from under our democratic and changing form of Government to produce an efficient and economical transportation system under a Government guarantee plan?

Until we see much greater advantages or face much greater risks of inequitable treatment, the Country should be debarred from experimenting with unsound methods of ownership and operation, and should decide to resume the maintenance and operation of these railroads under a system of private initiative, exercised through railroad



corporations owned by the people and their institutions, and subject to equitable, responsible public regulation. Senator Cummins, of Iowa, concretely puts the matter this way:—

“It costs the Government more to do any given thing in a Country like ours, where every man is a sovereign, than it costs anybody else to do the same thing. The history of every enterprise of a business character conducted by the Government proves all and a great deal more than the statement I have just made. I disparage no one, and impugn no man’s integrity. What I have said is not only the truth, but it is as natural as life itself.”

## **WEAK AND STRONG RAILROADS.**

As to the weak and strong roads, at sometime in their history every road was weak, and I personally do not see that we are going to change the fundamental character or financial credit of the weak roads by tying them up to the strong roads under a guarantee plan, unless by Government mandate we sacrifice the strong for the weak, or that we can even by that means furnish a more efficient transportation service.

Let us analyze the situation and let us not decide that because a road is weak it is due to bad management or unwise financing. Happily those mismanaged roads have been few and their

traffic amounted to a small proportion of the total traffic of the Country, and the public did not pay them any higher rates than other roads, and the losses had to be carried chiefly by their stock and security holders. For the three-year test period ending June 30th, 1917, regarded as a fair average, the Property Investment return on 162 of the principal roads, was 5.21 per cent. for the Eastern District, 5.36 per cent. for the Southern District and 5.15 per cent. for the Western District, or an average of 5.20 per cent. for the 162 roads. Now in the 5 per cent. Rate Case in the Eastern District, the Interstate Commerce Commission decided in 1914 that Net Operating Income which produced a Property Investment return of 5.36 per cent. was too low in the interest of both the general public and the railroads. We must conclude that under the higher costs and war conditions of the test period all of the foregoing returns were too low for the railroad industry as a whole. So that there are comparatively few roads of sufficient strength to carry weak roads, and they are entitled to all they earned under the low rates and high cost prevailing. If they had not been constructed when costs of right of way, materials and wages were normal, and conservatively financed and managed in the past, they could not have earned even over 6 per cent. and in many cases strong roads do and must help the weak sisters attached to their own

system out of such earnings. A large system like the Pennsylvania that had exercised great financial prudence and displayed efficiency in operation did not earn in that three-year test period 6 per cent. on its conservative property investment. Here we can forget any suggestion of watered capital and we find that in only one calendar year between 1910 and 1917 did it earn over 6 per cent. on that investment, viz., in 1916, when it earned 6.1 per cent., but the return for 1914 was as low as 3.92 per cent. With how many more weak roads could it be loaded and retain its solvency?

Weak roads ought not to be arbitrarily tied to any system without due consideration as to whether such action will be permanently helpful from a trade and commercial standpoint in serving the public. I, therefore, feel that if the roads are allowed adequate rates sufficient to earn an adequate return on the property investment in any traffic region as a whole, such as the Eastern Region, that the weak railroads operating in that region must then by wise management and efficient transportation earn their proper share out of the rates so paid by the public to support their credit to an extent adapted to the standards of their roads, and if they cannot do this they must reorganize and reduce their obligations.

Apart from any question of guarantee, let us see what has been done, and might be done, to reduce the number of railroad corporations if

the proper laws and earnings existed. From 1903 to 1917 about 1800 railroad corporations were merged, acquired, foreclosed or otherwise disposed of. The present 140 Companies in the Pennsylvania System represent what were originally about 600 strong and weak companies, gradually built up and made to serve the public, and that is true of other large systems. If the strong roads had not already merged dozens of weak feeding roads the losses in railroad investments would have been much greater, but there is a limit to mergers under the existing low rates and profits, and that limit has about been reached. As to the possibilities of future consolidations and mergers, there are still over 1500 railroad corporations reporting to the Interstate Commerce Commission, but these are grouped into only one hundred and sixty-two chief operating railroads earning about 94 per cent. of the total operating revenues of the whole Country. It will also be found that these one hundred and six-two operating corporations constitute about 86 systems which own, operate or control them. Indeed, of these 86 systems about 23 of them have 82 per cent. of the total revenues of the 162 principal railroads because they are the chief trunk lines. Under reasonable laws suggested by the Railroad Executives, and some dependable system of fair revenues, a very large amount of corporate consolidation could be carried out, subject to Government control, and the

railroad accounting and financing be materially simplified. For instance, the System Companies could acquire their present leased or operated roads, if they make reasonable offers to the owners. But how can we expect much progress in mergers with only 18 of the 86 systems earning in the test period over 6 per cent. on their property investment and having about 35½ per cent. of the revenues, thus leaving about 68 of the 86 systems which do about 64½ per cent. of the business with returns of less than 6 per cent.

Such wholesale consolidation was frowned upon in the past, although there was no competition in rates, which were uniform and fixed by public control.

### CONCLUSION

That the problems demanding immediate attention are:—

1. Increase of rates to cover expenses.
2. A Congressional appropriation to enable the Nation to pay to the railroads the obligations of Federal Control.
3. Prompt payment of rentals due the Railroad Companies for the use of their property.
4. Prompt payment for current operating materials and supplies, and the placing of orders for sufficient materials and supplies for operating and improving the railroads in 1919.



5. The Government should fund obligations for additions and betterments to the railroads and equipment for the years 1918 and 1919, and also include the capital required for meeting maturing obligations.

For a future policy I do not see the wisdom or the necessity of having a Government guarantee to carry the results of weak roads, but on the other hand I am equally sure that with railroad rates entirely inadequate for a traffic district as a whole, and for a series of years, it is impossible to expect such lines to render a reasonable transportation service.

There are many uncertainties and experiments connected with either the plan of Government ownership or the Government guarantee, which it would take years to work out successfully, and would require wholesale financial reorganization, or valuation of the railroads before the Government ownership plan, or the Government Guarantee and regionalization plan could be effective. Further, I have shown the regionalization of railroads is already in practical effect through the 23 systems earning about 82 per cent. of the total revenues of the 162 principal roads. That system alignment is competitive, and is the result of gradual evolution, and will doubtless work better than any twenty systems arbitrarily constituted under a guarantee plan. I have also indicated that these systems under adequate rates



and the removal of restrictions in the present laws could merge many of the existing companies, and a guarantee plan requires similar action. Therefore, I do not see that either from a physical or financial standpoint it would be helpful to the Country to adopt a guarantee plan at this time. The combined experience of the Railroad Executives supports one plan which has for its purpose the return of the railroads to a system of private ownership and management, subject to responsible public regulation and under conditions that will assure the expansion of transportation facilities to serve the entire United States in an efficient manner.

That railroad system, in a country of democratic institutions and in spite of mistakes and losses that have arisen from it, has so far brought unparalleled development and prosperity to the Nation. This Country has remained sound and prosperous because its institutions, ideals and policies are guided by the average judgment and sense of the American people as a whole, and through reliance on the private initiative and co-operation of its citizens, and not upon autocratic government on the one hand, or a bureaucratic, socializing governmental system on the other. Politics and business do not mix, and to preserve this balance of personal liberty and initiative, to determine our own welfare and carry on our activities, must be the continued aim of

the American people, and that applies to industry as well as to the railroads.

Our diverse Railroad Regulation has hitherto failed to allow an adequate return on the investment in the past; our legislators have in effect said to the Regulators we will keep these Railroad Corporations humble, you must keep them poor, or you must look out for criticism. Railroad investors have suffered, the industries and the public have suffered. But all of that is no reason why at this stage we should make an outcry for radical measures, or enter uncertain paths, which to the railroad investor, the wage earner or the public would not prove a proper solution of their problems. Therefore, unless we have lost confidence in our people and our Government to treat the railroads equitably, which I have not, we should utilize the best business experience to rehabilitate railroad credit, under a system of railroad ownership by the public and not by the Government, and through operations carried on—not by the Government—but by experienced corporate and individual management, dependent upon their initiative and foresight, subject to public regulation, and thereby reinstate vitality and progress in the railroad industry, and every other industry dependent upon it. What are you manufacturers going to ask Congress to do about this railroad problem? It is your problem as well as ours.